

VAT Return Deadlines in 2025-2026: Key Dates, Late Penalties, and How to Submit Correctly

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Vat Reconciliation

Comprehensive Guide 2025-2026: VAT Return Deadlines, Late Penalties, & Submission Process

As the fiscal year moves into full swing, VAT season begins knocking on every accountant’s door. Whether you’re handling a few business clients or hundreds, VAT return deadlines are non-negotiable—and with the HMRC updating processes under Making Tax Digital (MTD), meeting the VAT deadline is more than just ticking a box.

At Aone Outsourcing Solutions, we work alongside UK accounting firms to lighten their VAT return workload and improve compliance accuracy. That’s why we’ve prepared this in-depth guide to 2025’s VAT return due dates, penalties for late filing or payment, and submission strategies to keep you and your clients penalty-free.

What Is a VAT Return and Who Needs to File It?

A VAT return is essentially a report that businesses submit to HMRC, outlining the amount of VAT collected on sales and the VAT paid on purchases. This return is required from all businesses that are VAT registered—typically because their taxable turnover exceeds the VAT threshold, which as of 2025 is £90,000. Even businesses with lower turnover can voluntarily register for VAT to reclaim input VAT. These returns help HMRC determine whether a business needs to pay money to HMRC (if output VAT exceeds input VAT) or claim a refund. It’s a crucial compliance requirement and must be submitted digitally through MTD-compatible software.

Example: If a business sells £50,000 worth of goods and pays £30,000 on business-related purchases (both VAT inclusive), the VAT return reconciles these figures to calculate the net amount due to or from HMRC.

VAT Return Deadlines 2025: Key Quarter Dates to Know

VAT-registered businesses usually file returns quarterly, though some opt for monthly or annual submissions based on cash flow or trade volume. For most businesses on the standard scheme, the key VAT return deadlines 2025 follow the HMRC’s format: returns are due 1 month and 7 days after the end of each VAT quarter dates. Here are the VAT deadlines and payment deadlines in detail for you:

VAT Period	Quarter End Date	VAT Return & Payment Deadline
Q4 2024	31 December 2024	7 February 2025
Q1 2025	31 March 2025	7 May 2025
Q2 2025	30 June 2025	7 August 2025
Q3 2025	30 September 2025	7 November 2025
Q4 2025	31 December 2025	7 February 2026

Why this matters: For accountants managing dozens of client VAT returns, missing even a single one can trigger penalties under HMRC’s points-based system. Knowing these dates in advance helps you build a compliant, repeatable VAT filing calendar.

VAT Late Filing & Payment Penalties: What’s at Stake?

In 2023, HMRC introduced a new points-based penalty system to encourage consistent, on-time VAT compliance. Under this system, businesses accumulate penalty points for each missed submission, and once they reach a threshold (e.g., 4 points for quarterly filers), they receive a £200 penalty. The points expire after a “clean” 24-month period, but reaching the threshold resets the clock.

Late Submission Penalties:

- 1 point per missed VAT return filing date
- £200 penalty when threshold is reached (4 points for quarterly submissions).
- More points = higher risk of recurring penalties.

Late Payment Penalties:

- No penalty if paid within 15 days of the VAT due date (but interest is still charged).
- On day 16, a 2% penalty applies on the outstanding VAT.
- On day 31, another 2% is charged.
- From day 31 onward, a daily penalty accrues at 4% per annum until the balance is cleared.

Real-world example: If your client’s VAT payment of £8,000 is 20 days late, they could face a 2% (£160) penalty—plus interest—if not addressed within the 15-day window.

How to Submit VAT Returns the Right Way (Step-by-Step for 2025)



Submitting VAT returns correctly isn’t just about meeting deadlines—it’s about maintaining audit-ready records, following HMRC’s Making Tax Digital (MTD) rules, and preventing penalties due to incorrect or incomplete information. Here’s how UK accounting firms can make VAT return submissions smooth, accurate, and compliant every time.

Understand Your Client’s VAT Scheme and Frequency

First, identify what type of VAT scheme your client is on. Most small to medium-sized UK businesses are on the standard VAT scheme, where VAT returns are filed quarterly. However, some businesses may opt for:

- Monthly returns** – Common for businesses expecting regular VAT refunds (e.g. exporters).
- Annual accounting scheme** – Fewer returns, but advance payments required.
- Flat Rate Scheme (FRS)** – Simplified accounting, but still requires quarterly filing.

Why it matters: Filing the wrong type of return or on the wrong schedule can lead to penalties or HMRC queries. Confirm the correct return type and period before preparing the data.

2. Maintain Accurate and Digital Records

Under Making Tax Digital (MTD), all VAT-registered businesses should keep your digital records and use MTD-compatible software to submit their VAT returns. This means:

- Recording all sales and purchases with the correct VAT rate.
- Tracking input and output VAT separately.
- Ensuring digital links between systems (e.g., sales software and accounting software) to comply with MTD rules.

Tip for firms: Use software like Xero, QuickBooks, Sage, or FreeAgent for seamless record-keeping. Avoid Excel spreadsheets unless they’re digitally linked via bridging software.

3. Reconcile All Transactions

Before preparing your return, you have to reconcile the VAT records with the bank and source documents. Now check for:

- Missing or duplicate invoices
- Unclaimed input VAT (especially for high-value expenses or imports)
- Errors in VAT rates (e.g., zero-rated or exempt items wrongly marked)

Example: A supplier invoice marked with the 20% VAT rate when it should be 5% (e.g., energy bills) could overstate the VAT reclaim, triggering HMRC scrutiny.

4. Generate the VAT Return in MTD-Compliant Software

Once reconciliations are complete:

- Generate the VAT return within the chosen software.
- Review totals for:
 - Box 1: Output VAT on sales
 - Box 4: Input VAT on purchases
 - Box 5: Net VAT is to be paid or reclaimed
- Double-check Box 6 and 7 (total sales and purchases excluding VAT) for obvious mismatches.

Tip: Always save a draft of the return and have a second person review it before submission.

5. Submit the Return Digitally to HMRC

After reviewing and confirming the figures:

- Connect the software to HMRC’s MTD portal using the client’s Government Gateway credentials.
- Submit the return directly from the software (no manual entry).
- Download or save the HMRC confirmation receipt as proof of submission.

Pro Tip: Set up a submission checklist or SOP your team follows for every VAT return. This reduces reliance on memory and prevents skipped steps.

6. Schedule or Make the Payment

Once the return is submitted, make sure the VAT payment is scheduled correctly. The filing and payment deadlines are the same (usually 1 month + 7 days after the VAT period ends). You can pay via:

- Direct Debit – Set up in advance. HMRC automatically collects payments on time.
- Faster Payments / BACS / CHAPS – Ideal for same-day or scheduled transfers.
- Debit/Credit Card – Less common but usable via HMRC’s online payment portal.

Reminder: The payment must clear into HMRC’s account by the deadline, not just be initiated. Late payments = penalties and interest.

7. Keep VAT Submission Records for at Least 6 Years

HMRC requires businesses to keep all VAT-related records for at least 6 years, including:

- Sales and purchase invoices
- VAT calculations
- Submission receipts
- Digital copies of returns

For accounting firms, storing these digitally in the cloud (e.g., via Dext, Hubdoc, or your bookkeeping software) ensures compliance and easy retrieval during audits.

Is the VAT Submission Deadline the Same as the VAT Payment Deadline?

While both the VAT submission deadline and VAT payment deadlines fall on the same day (1 month + 7 days after the VAT period ends), the payment method you choose can affect the actual settlement date.

Payment Debit	Consideration
Direct Debit	Automatically debited 3–5 working days after the due date. Must be set up in advance.
Bank Transfer (Faster Payments)	Must reach HMRC by the deadline date. Allow time for clearance
BACS or CHAPS	Schedule early to avoid weekend/holiday delays.
Debit/Credit Card	Immediate, but daily limits and transaction blocks may apply.

Takeaway for firms: Encourage clients to use Direct Debit, which offers a small grace period and reduces the chance of human error.

Final Thoughts

With multiple VAT return deadlines in 2025, changing digital compliance requirements, and increasing HMRC scrutiny, getting VAT right is more important than ever, especially for accounting firms managing multiple clients. Staying ahead means more than just submitting returns on time; it means having the right systems, software, and internal controls in place.

Whether you’re filing your return monthly, quarterly, or annually, but you have to keep accurate records, timely reconciliations, and MTD-compliant processes. By following the steps outlined above, your firm can reduce risk, enhance client trust, and ensure seamless VAT submissions every time.

Need Help Managing VAT Returns for Multiple Clients?

At Aone Outsourcing Solutions, we specialise in helping UK accounting firms streamline and scale their VAT return processes—from data collection to digital submissions. Whether you’re short-staffed or just need help managing high volumes during peak periods, our experienced team ensures your clients never miss a deadline.

Reach out today to discover how we can support your firm with accurate, on-time VAT compliance in 2025 and beyond.

Frequently Asked Questions (FAQs)

1. When is the VAT return deadline in the UK?

The VAT return deadline is one month, seven days when your accounting period ends. For example, if your VAT period is ending on 31 March 2025, then the return as well as payment will be submitted on 7 May 2025.

2. Can I submit my VAT return on the 7th of the month?

Yes, you can submit your VAT return on the 7th day, which is normally the deadline. However, to avoid last-minute issues or delays in payment processing, it’s recommended to file at least a few days in advance.

3. What happens if I miss the VAT return deadline?

Missing the VAT return deadline may result in:

- Late payment penalties
- Daily interest charges
- Points under the HMRC’s penalty points system (which can lead to further fines if repeated)

4. Is VAT return submission mandatory under Making Tax Digital (MTD)?

Yes. If you’re VAT-registered and your taxable turnover is above the threshold (£90,000 in 2025), you must submit your VAT returns digitally via MTD-compatible software.

5. What penalties apply for late VAT payments in 2025?

As per HMRC’s updated rules:

- Day 1–15: No penalty, but interest is charged.
- Day 16: 2% of VAT owed.
- Day 31: An additional 2% of the remaining unpaid VAT.
- From Day 31 onward: A daily penalty of 4% per annum until full payment.

6. Can HMRC offer a payment plan for overdue VAT?

Yes, HMRC can offer a Time to Pay (TTP) arrangement if your client is struggling to pay. This allows the VAT liability to be paid in instalments. You must contact HMRC before the payment becomes overdue to request this.

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